



**SOCIAL SECURITY**  
Office of Retirement and Disability Policy

June 14, 2011

The Honorable Sam Johnson  
Chairman, Subcommittee on Social Security  
Committee on Ways and Means  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Johnson:

Thank you for your letter of May 17, 2011 requesting additional information in order to complete the record for the hearing on the Social Security Administration's role in verifying employment eligibility. Enclosed you will find the answers to your questions.

I hope this information is helpful. If I may be of further assistance, please do not hesitate to contact me or your staff may contact Scott Frey, Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030, who is available to meet with your staff if requested.

Sincerely,

Marianna LaCanfora

Enclosure

**Questions For the Record**  
**April 14, 2011 Hearing on E-Verify**

**Question #1**

- a) Do you have updated estimates for the cost of a mandatory E-Verify system for new hires and for using E-Verify for all current workers?**

To verify all new workers, we estimate that it would cost about \$80 million and require more than 500 workyears over 5 years. To verify all current workers, it would cost approximately \$160 million and require 1,175 workyears over 5 years.

We based our estimates on a straight expansion of the *current* E-Verify program. Modifications to the current program requirements could increase our costs significantly. Our estimates include costs to process the fallout work that will come to our field offices, Social Security card centers, and toll-free number, and is based on the assumption that we will phase in these additional verifications over a 5-year period.

- b) Do you have an estimate of the visits to the field offices a mandatory system would generate?**

A fully implemented mandatory system for new hires would require us to verify more than 100 million individuals over 5 years. Based on the current fall-out rate, this work would generate more than 800,000 additional contacts, resulting in approximately 675,000 field office visits and 130,000 calls. A fully implemented mandatory system for all workers would require us to verify more than 240 million individuals over 5 years. Based on the current fall-out rate, this work would generate almost 2 million additional contacts, resulting in approximately 1.6 million field office visits and 300,000 calls. Field offices in border States like California, Arizona, and Texas handle a disproportionate volume of E-Verify fall-out. Under a mandatory system, this pattern would likely continue.

If Congress makes the program mandatory, it is critical that we receive adequate funding and lead-time to increase not only our systems capacity but our field office capacity as well. Equally important, any mandatory program must be phased-in over a multi-year period to ensure that we effectively support the E-Verify program without compromising our ability to handle our increasing workloads. Without an appropriate phase-in period, field offices across the country could be overwhelmed, and border offices would be disproportionately affected.

## **Question #2**

- a) If a mandatory system was put into place and you had a large influx of field office visits, would the SSA have to hire more people?**

Yes. The increase in our work would require us to hire additional employees. Over a 5-year period, we would need 125 new employees for the new hire proposal and approximately 250 new employees for the proposal to verify all workers.

- b) Would you hire temporary staff for that purpose to hold down SSA's long-term costs?**

No, doing so would not be practical, because the complexity of enumeration requires our employees to have in-depth knowledge of Social Security number (SSN)-related policies, procedures, and statutory requirements.

We cannot absorb this work with our current staffing. Our budget has forced us into a hiring freeze and we are continuing to lose staff. We lose about 3,000 employees each year.

## **Question #3**

**Various immigration proposals have proposed that SSA send letters to individuals who have multiple wages reported on the annual W-2 statement to alert them for possible identity theft.**

- a) Tell us how many individuals have multiple wages each year and your estimate of how many of these might be fraudulent.**

Each year employers send us 240 million wage reports for approximately 150 million workers. Based on the most recently available data, in tax year (TY) 2009, we estimate that about 38 million workers held more than one job during the year. Almost 1 million worked in five or more jobs. We estimate that more than 37,000 individuals worked in 10 or more jobs that year.

There are many legitimate reasons for a worker to have multiple W-2s for a given year. For example, he or she may work in more than one job at a time during the year, have a job change, or work in an employment field that routinely involves multiple employers. We do not automatically suspect fraud simply because a worker has multiple employers nor can we estimate how frequently fraud may be involved. We process W-2s for the Internal Revenue Service, which may have information on this topic.

- b) What would be the cost of mailing such letters and what would be the increased time and financial burden on the field offices?**

It is important to note that earnings information may be covered by section 6103(1)(5) of the Internal Revenue Code, which allows us to disclose return information only for purposes of administering the Social Security Act. Disclosure of W2 earnings information by us for any

other purpose is currently a violation of federal law. We continue to believe that the Internal Revenue Service is better equipped to detect these instances of identity fraud and to contact individuals with multiple W2s in a calendar year.

The proposals' specific costs and the effect on field offices depend upon the details of a specific proposal. If we were required, and the law allowed us, to send notices to the 38 million workers for whom we received more than one wage report in TY 2009, we estimate that the 5-year cost would be more than \$340 million and approximately 2,400 workyears. It is important to note that these estimates assume the proposal would not require individuals who receive a letter to contact us. Our costs and related field office workloads would increase substantially if the proposal required all individuals who receive a letter to contact us.

**c) Would those costs be reimbursed by the Department of Homeland Security (DHS)?**

We are prohibited from using trust fund money to support immigration enforcement activities. Therefore, we require reimbursement for any E-Verify work we do for DHS, and DHS regularly reimburses us for that work.

**d) Would such a process result in better protection of the SSN and help individuals protect their identities?**

The E-Verify program is designed to provide an immediate front-end confirmation of a new hire's employment eligibility, deterring SSN misuse. By contrast, because of when we get W-2 information, we cannot notify an individual that multiple employers reported wages under his or her name and SSN until 12 to 18 months after the potential SSN misuse occurred. This delay occurs because employers report wages to us during the year following the year in which the wages were earned.

**e) Is there some way DHS could help SSA in identifying those SSNs that are being used for fraudulent work authorization purposes?**

DHS's United States Citizenship and Immigration Service has staff devoted to monitoring employer use of the E-Verify program. Should DHS identify patterns of possible SSN misuse, it could refer these cases to our Office of Inspector General for further investigation.